# Quarterly Compliance Filing

*for the*

# Three Months Ended March 31, 2019

*Related to*

# SSM Health

SSMHealth.

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## Report for the Three Months Ended March 31, 2019

SSMHealth

# Quarterly Disclosure Package

# Unaudited Consolidated Financial Information for the Three Months ended March 31, 2019

**SSM HEALTH**

**CONSOLIDATING SCHEDULE - BALANCE SHEET INFORMATION**
**AS OF MARCH 31, 2019**
**(In thousands)**

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | $ 72,103 | $ 27,361 | $ - | $ 99,464 |
| Investments | 34,441 | 6,249 | - | 40,690 |
| Current portion of assets limited as to use | 330,185 | 166,092 | - | 496,277 |
| Patients accounts receivable | 757,269 | 29,149 | - | 786,418 |
| Pharmacy claims and rebates receivable | 320,541 | - | - | 320,541 |
| Premium receivable - less allowance for uncollectible accounts | - | 10,338 | - | 10,338 |
| Other receivables | 79,754 | 8,310 | (11,240) | 76,824 |
| Assets held for sale | 20,655 | - | - | 20,655 |
| Inventories, prepaid expenses, and other | 160,983 | 6,264 | (239) | 167,008 |
| Estimated third-party payor settlements | 12,755 | 6,030 | - | 18,785 |
| Total current assets | 1,788,686 | 259,793 | (11,479) | 2,037,000 |
| ASSETS LIMITED AS TO USE OR RESTRICTED — Excluding current portion | 2,953,189 | 383,565 | - | 3,336,754 |
| PROPERTY AND EQUIPMENT — Net | 2,617,364 | 48,374 | - | 2,665,738 |
| OPERATING RIGHT-OF-USE ASSETS | 234,744 | 36,572 | - | 271,316 |
| OTHER ASSETS: | | | | |
| Goodwill | 96,899 | 23,213 | - | 120,112 |
| Intangibles — net | 161,690 | 28,543 | - | 190,233 |
| Investments in unconsolidated entities | 319,477 | 1,297 | (198,099) | 122,675 |
| Other | 24,740 | 360 | (2,328) | 22,772 |
| Total other assets | 602,806 | 53,413 | (200,427) | 455,792 |
| TOTAL | $ 8,196,789 | $ 781,717 | $ (211,906) | $ 8,766,600 |
| **LIABILITIES AND NET ASSETS** | | | | |
| CURRENT LIABILITIES: | | | | |
| Revolving line of credit | $ 60,000 | $ - | $ - | $ 60,000 |
| Current portion of long-term debt and finance lease obligations | 19,374 | 245 | - | 19,619 |
| Accounts payable, accrued expenses and other current liabilities | 1,214,643 | 182,439 | (11,334) | 1,385,748 |
| Commercial paper | 175,000 | - | - | 175,000 |
| Short-term borrowings | 454,005 | - | - | 454,005 |
| Unearned premiums | - | 33,740 | - | 33,740 |
| Payable under securities lending agreements | 68,117 | 782 | - | 68,899 |
| Estimated third-party payor settlements | 95,376 | 54,167 | - | 149,543 |
| Total current liabilities | 2,086,515 | 271,373 | (11,334) | 2,346,554 |
| LONG-TERM DEBT — Excluding current portion | 1,876,699 | 6,885 | - | 1,883,584 |
| ESTIMATED SELF-INSURANCE OBLIGATIONS | 72,121 | 18,666 | - | 90,787 |
| OPERATING LEASE OBLIGATIONS | 189,767 | 25,697 | - | 215,464 |
| FINANCE LEASE LIABILITY — Excluding current portion | 16,582 | 5,698 | - | 22,280 |
| PENSION LIABILITY | 707,847 | - | - | 707,847 |
| OTHER LIABILITIES | 331,455 | 12,299 | (2,326) | 341,428 |
| Total liabilities | 5,280,986 | 340,618 | (13,660) | 5,607,944 |
| NET ASSETS: | | | | |
| Without donor restrictions: | | | | |
| Noncontrolling interest in subsidiaries | 141,832 | 3,794 | - | 145,626 |
| SSM Health unrestricted net assets | 2,680,820 | 346,667 | (115,123) | 2,912,364 |
| Total net assets without donor restrictions | 2,822,652 | 350,461 | (115,123) | 3,057,990 |
| With donor restrictions | 93,151 | 90,638 | (83,123) | 100,666 |
| Total net assets | 2,915,803 | 441,099 | (198,246) | 3,158,656 |
| TOTAL | $ 8,196,789 | $ 781,717 | $ (211,906) | $ 8,766,600 |

**SSM HEALTH**

**CONSOLIDATING SCHEDULE - STATEMENT OF OPERATIONS INFORMATION**
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**
**(In thousands)**

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| OPERATING REVENUES AND OTHER SUPPORT: | | | | |
| Net patient service revenues | $ 1,385,489 | $ 55,896 | $ (168,595) | $ 1,272,790 |
| Premiums earned | 28,496 | 347,460 | (2,157) | 373,799 |
| Pharmacy benefit management revenue | 139,426 | - | - | 139,426 |
| Investment income | 24,835 | 23,030 | - | 47,865 |
| Other revenue | 153,018 | 102,856 | (122,871) | 133,003 |
| Net assets released from restrictions | 16 | 1,448 | - | 1,464 |
| Total operating revenues and other support | 1,731,280 | 530,690 | (293,623) | 1,968,347 |
| OPERATING EXPENSES: | | | | |
| Salaries and benefits | 753,769 | 150,914 | (74,197) | 830,486 |
| Medical claims | - | 320,520 | (184,566) | 135,954 |
| Supplies | 426,204 | 4,924 | - | 431,128 |
| Professional fees and other | 365,911 | 63,862 | (26,909) | 402,864 |
| Interest | 19,176 | 1,431 | - | 20,607 |
| Depreciation and amortization | 71,196 | 3,138 | - | 74,334 |
| Total operating expenses | 1,636,256 | 544,789 | (285,672) | 1,895,373 |
| INCOME (LOSS) FROM OPERATIONS BEFORE OTHER ITEMS | 95,024 | (14,099) | (7,951) | 72,974 |
| OTHER ITEMS: | | | | |
| Nonrecurring expenses | - | - | - | - |
| OPERATING INCOME (LOSS) AFTER OTHER ITEMS | 95,024 | (14,099) | (7,951) | 72,974 |
| NONOPERATING GAINS (LOSSES): | | | | |
| Investment income | 148,572 | 126 | - | 148,698 |
| Loss from early extinguishment of debt | - | - | - | - |
| Net periodic pension cost, less service cost | (3,815) | - | - | (3,815) |
| Change in fair value of interest rate swaps | (17,503) | - | - | (17,503) |
| Inherent contribution | - | - | - | - |
| Other — net | 436 | 2 | - | 438 |
| Total nonoperating gains — net | 127,690 | 128 | - | 127,818 |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES | 222,714 | (13,971) | (7,951) | 200,792 |
| INCOME TAX EXPENSE | 186 | - | - | 186 |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENSES | $ 222,528 | $ (13,971) | $ (7,951) | $ 200,606 |

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019
## (In thousands)

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Change in net assets | $ 193,304 | $ 13,105 | $ (3,623) | $ 202,786 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | |
| (Gain) loss on disposal of subsidiary | (161) | 4,527 | (5,539) | (1,173) |
| Depreciation and amortization | 71,196 | 3,138 | - | 74,334 |
| Contributions restricted for long-term investment | - | (588) | - | (588) |
| Distributions to noncontrolling owners — net | 1,105 | 301 | - | 1,406 |
| Realized/unrealized gains and losses on investments — net | (160,911) | (22,556) | - | (183,467) |
| Change in market value of interest rate swaps | 17,503 | - | - | 17,503 |
| (Gain) loss on disposal of assets | (683) | 124 | - | (559) |
| Changes in assets and liabilities: | | | | |
| Short-term investments | (27,569) | 51,942 | - | 24,373 |
| Patient accounts receivable | (2,721) | (1,789) | - | (4,510) |
| Other receivables, inventories, prepaid expenses, and other | 26,332 | (14,392) | 8,340 | 20,280 |
| Accounts payable, accrued expenses, and other liabilities | (46,411) | (55,314) | 822 | (100,903) |
| Estimated self-insurance obligations | (7,250) | (245) | - | (7,495) |
| Net cash provided by (used in) operating activities | 63,734 | (21,747) | - | 41,987 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Prepayment from sale of subsidiary | 21,111 | 189 | - | 21,300 |
| Net increase in property and equipment | (65,700) | (983) | - | (66,683) |
| Net change in assets limited as to use or restricted | 4,318 | (16,506) | - | (12,188) |
| Net cash used in investing activities | (40,271) | (17,300) | - | (57,571) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Borrowings on long-term debt | 447 | - | - | 447 |
| Payments on long-term debt | (1,751) | (59) | - | (1,810) |
| Net change in patient loans | 219 | 79 | - | 298 |
| Distribution to noncontrolling owners | (1,105) | (301) | - | (1,406) |
| Restricted contributions | - | 588 | - | 588 |
| | | | - | |
| Net cash (used in) provided by financing activities | (2,190) | 307 | - | (1,883) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | 21,273 | (38,740) | - | (17,467) |
| CASH AND CASH EQUIVALENTS — Beginning of year | 50,830 | 66,101 | - | 116,931 |
| CASH AND CASH EQUIVALENTS — March 31, 2019 | $ 72,103 | $ 27,361 | $ - | $ 99,464 |

# SSM HEALTH

## OPERATING STATS INFORMATION
## FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| BEDS | | | | |
| LICENSED BEDS - TOTAL | 5,309 | - | | 5,309 |
| STAFFED BEDS - TOTAL | 4,614 | - | | 4,614 |
| ACUTE PATIENT SERVICES | | | | |
| ADMISSIONS* | 43,898 | - | | 43,898 |
| PATIENT DAYS* | 218,550 | - | | 218,550 |
| AVERAGE LENGTH OF STAY | 5.0 | - | | 5.0 |
| SKILLED PATIENT SERVICES | | | | |
| ADMISSIONS* | 406 | - | | 406 |
| PATIENT DAYS* | 64,972 | - | | 64,972 |
| AVERAGE LENGTH OF STAY | 160.0 | - | | 160.0 |
| OUTPATIENT SURGERIES | 20,829 | - | | 20,829 |
| OUTPATIENT VISITS | 511,063 | - | | 511,063 |
| EMERGENCY ROOM VISITS | 194,539 | - | | 194,539 |
| PERCENTAGE OCCUPANCY** | 68.3% | - | | 68.3% |
| PERCENTAGE OF NET REVENUES BY PAYOR MIX *** | | | | |
| Medicare | 28% | 14% | | 27% |
| Medicare Managed Care | 9% | 14% | | 10% |
| Medicaid | 12% | 2% | | 11% |
| Medicaid Managed Care | 8% | 3% | | 8% |
| Managed Care | 31% | 54% | | 32% |
| Other | 12% | 13% | | 12% |
| Total | 100% | 100% | | 100% |

* Excludes newborns

** Of beds in service

*** Does not include Agnesian/Monroe ministries

# SSM HEALTH

## ASSETS LIMITED AS TO USE OR RESTRICTED
## AS OF MARCH 31, 2019
## (In thousands)

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| Board designated: | | | | |
| Unrestricted investment assets | $ 2,810,390 | $ 405,395 | $ - | $ 3,215,785 |
| Other restricted investment assets | 224,337 | - | - | 224,337 |
| Securities on deposit as required by state regulators | 3,146 | 18,422 | - | 21,568 |
| Held by trustees: | | | | |
| Project funds | 2,865 | - | - | 2,865 |
| Bond funds | 276 | - | - | 276 |
| Self-insurance | 164,064 | 34,420 | - | 198,484 |
| Collateral held under securities lending agreements | 68,117 | 782 | - | 68,899 |
| Total assets limited as to use | 3,273,195 | 459,019 | - | 3,732,214 |
| Assets restricted by donor as to use | 10,179 | 90,638 | - | 100,817 |
| Total assets limited as to use or restricted | 3,283,374 | 549,657 | - | 3,833,031 |
| Less: current portion | (330,185) | (166,092) | - | (496,277) |
| **Noncurrent portion** | $ 2,953,189 | $ 383,565 | $ - | $ 3,336,754 |

# Quarterly Disclosure Package

# Unaudited Consolidated Financial Information for the Three Months ended March 31, 2018

# SSM HEALTH

## CONSOLIDATING SCHEDULE - BALANCE SHEET INFORMATION
## AS OF MARCH 31, 2018
## (In thousands)

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | $ 102,106 | $ 30,155 | - | $ 132,261 |
| Investments | 35,215 | 290,535 | - | 325,750 |
| Current portion of assets limited as to use | 231,711 | 164,249 | - | 395,960 |
| Patients accounts receivable, less allowance for uncollectible accounts | 633,869 | 123,481 | (18,759) | 738,591 |
| Premium receivable | 312 | 4,719 | - | 5,031 |
| Other receivables | 339,091 | 19,197 | (14,396) | 343,892 |
| Inventories, prepaid expenses, and other | 153,003 | 15,307 | (116) | 168,194 |
| Estimated third-party payor settlements | 8,167 | 23,147 | - | 31,314 |
| Total current assets | 1,503,474 | 670,790 | (33,271) | 2,140,993 |
| ASSETS LIMITED AS TO USE OR RESTRICTED — Excluding current portion | 2,475,697 | 490,057 | - | 2,965,754 |
| PROPERTY AND EQUIPMENT — Net | 2,134,270 | 424,851 | - | 2,559,121 |
| OTHER ASSETS: | | | | |
| Goodwill | 96,869 | 27,381 | - | 124,250 |
| Intangibles — net | 165,911 | 34,983 | - | 200,894 |
| Investments in unconsolidated entities | 285,149 | 21,535 | (175,680) | 131,004 |
| Other | 17,511 | 2,693 | - | 20,204 |
| Total other assets | 565,440 | 86,592 | (175,680) | 476,352 |
| TOTAL | $ 6,678,881 | $ 1,672,290 | $ (208,951) | $ 8,142,220 |
| **LIABILITIES AND NET ASSETS** | | | | |
| CURRENT LIABILITIES: | | | | |
| Revolving line of credit | $ 110,462 | $ 88 | $ - | $ 110,550 |
| Current portion of long-term debt and capital lease obligations | 31,275 | 9,661 | - | 40,936 |
| Accounts payable, accrued expenses and other current liabilities | 1,017,888 | 161,262 | (33,124) | 1,146,026 |
| Commercial paper | 200,000 | - | - | 200,000 |
| Short-term borrowings | 300,000 | - | - | 300,000 |
| Unearned premiums | - | 40,356 | - | 40,356 |
| Payable under securities lending agreements | 60,344 | 608 | - | 60,952 |
| Estimated third-party payor settlements | 89,386 | 71,750 | - | 161,136 |
| Total current liabilities | 1,809,355 | 283,725 | (33,124) | 2,059,956 |
| LONG-TERM DEBT — Excluding current portion | 1,621,103 | 256,092 | - | 1,877,195 |
| ESTIMATED SELF-INSURANCE OBLIGATIONS | 85,726 | 18,162 | - | 103,888 |
| CAPITAL LEASE OBLIGATIONS — Excluding current portion | 14,560 | 8,522 | - | 23,082 |
| OTHER LIABILITIES | 1,054,589 | 73,185 | - | 1,127,774 |
| Total liabilities | 4,585,333 | 639,686 | (33,124) | 5,191,895 |
| NET ASSETS: | | | | |
| Unrestricted: | | | | |
| Noncontrolling interest in subsidiaries | 148,030 | 3,975 | - | 152,005 |
| SSM Health unrestricted net assets | 1,869,836 | 951,456 | (109,623) | 2,711,669 |
| Total unrestricted net assets | 2,017,866 | 955,431 | (109,623) | 2,863,674 |
| Temporarily restricted | 46,255 | 56,464 | (45,891) | 56,828 |
| Permanently restricted | 29,427 | 20,709 | (20,313) | 29,823 |
| Total net assets | 2,093,548 | 1,032,604 | (175,827) | 2,950,325 |
| TOTAL | $ 6,678,881 | $ 1,672,290 | $ (208,951) | $ 8,142,220 |

**SSM HEALTH**

**CONSOLIDATING SCHEDULE - STATEMENT OF OPERATIONS INFORMATION**
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018**
**(In thousands)**

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| OPERATING REVENUES AND OTHER SUPPORT: | | | | |
| Net patient service revenues | $ 1,218,515 | $ 204,049 | $ (149,343) | $ 1,273,221 |
| Premiums earned | 24,521 | 364,849 | (18,699) | 370,671 |
| Pharmacy benefit management revenue | 111,668 | - | - | 111,668 |
| Investment income (loss) | 1,323 | (1,118) | - | 205 |
| Other revenue | 105,724 | 91,030 | (81,808) | 114,946 |
| Net assets released from restrictions | 20 | 1,436 | - | 1,456 |
| Total operating revenues and other support | 1,461,771 | 660,246 | (249,850) | 1,872,167 |
| OPERATING EXPENSES: | | | | |
| Salaries and benefits | 651,017 | 212,295 | (66,597) | 796,715 |
| Medical claims | - | 298,465 | (162,707) | 135,758 |
| Supplies | 359,642 | 35,525 | - | 395,167 |
| Professional fees and other | 313,502 | 118,699 | (27,607) | 404,594 |
| Interest | 16,212 | 3,708 | - | 19,920 |
| Depreciation and amortization | 63,943 | 13,595 | - | 77,538 |
| Total operating expenses | 1,404,316 | 682,287 | (256,911) | 1,829,692 |
| INCOME (LOSS) FROM OPERATIONS BEFORE OTHER ITEMS | 57,455 | (22,041) | 7,061 | 42,475 |
| OTHER ITEMS: | | | | |
| Nonrecurring expenses | - | - | - | - |
| OPERATING INCOME (LOSS) AFTER OTHER ITEMS | 57,455 | (22,041) | 7,061 | 42,475 |
| NONOPERATING GAINS AND (LOSSES): | | | | |
| Investment income (loss) | 6,099 | (429) | - | 5,670 |
| Change in fair value of interest rate swaps | 23,108 | 292 | - | 23,400 |
| Net periodic pension cost, less service cost | (7,700) | - | - | (7,700) |
| Other — net | 124 | 8 | - | 132 |
| Total nonoperating gains (losses) — net | 21,631 | (129) | - | 21,502 |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES | 79,086 | (22,170) | 7,061 | 63,977 |
| INCOME TAX (BENEFIT) EXPENSE | (438) | 35 | - | (403) |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENSES | $ 79,524 | $ (22,205) | $ 7,061 | $ 64,380 |

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018
## (In thousands)

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Change in net assets | $ (18,799) | $ 609,883 | $ 7,579 | $ 598,663 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | | | |
| Noncontrolling interest in acquisition | - | - | - | - |
| Pension related changes | - | - | - | - |
| Depreciation and amortization | 64,026 | 13,520 | - | 77,546 |
| Loss-early extinguishment of debt | - | - | - | - |
| Bad debts | - | - | - | - |
| Restricted contributions | (32) | (266) | - | (298) |
| Distributions to noncontrolling owners | 2,947 | 136 | - | 3,083 |
| Realized/unrealized gains and losses on investments — net | 3,452 | 3,749 | - | 7,201 |
| Non-cash changes in net assets related to acquisition | - | (606,450) | - | (606,450) |
| Distributions - unconsolidated entities | - | - | - | - |
| Change in market value of interest rate swaps | (23,108) | (292) | - | (23,400) |
| (Gain) on disposal of assets | (179) | (6) | - | (185) |
| Changes in assets and liabilities: | | | | |
| Short-term investments | (2,508) | 3,871 | - | 1,363 |
| Patient accounts receivable | (28,512) | 3,541 | 12,458 | (12,513) |
| Other receivables, inventories, prepaid expenses, and other | 87,407 | (1,535) | (12,805) | 73,067 |
| Accounts payable, accrued expenses, and other liabilities | (113,414) | (8,548) | (7,232) | (129,194) |
| Estimated self-insurance obligations | (1,081) | 1,164 | - | 83 |
| Net cash (used in) provided by operating activities | (29,801) | 18,767 | - | (11,034) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Acquisitions of hospitals and health care entities— net of cash received | - | 17,123 | - | 17,123 |
| Increase in property and equipment — net | (35,222) | (7,635) | - | (42,857) |
| Net change in assets limited as to use or restricted | 149,405 | (19,377) | - | 130,028 |
| Net distributions from unconsolidated entities | 3,386 | | | 3,386 |
| Net change in other assets | (1,356) | (10,479) | - | (11,835) |
| Net cash provided by (used in) investing activities | 116,213 | (20,368) | - | 95,845 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Borrowings on long-term debt | 5,622 | (3,528) | - | 2,094 |
| Payments on long-term debt | (4,404) | 602 | - | (3,802) |
| Net change in revolving line of credit | (75,000) | - | - | (75,000) |
| Notes Payable | | | | |
| Net change in short-term borrowings and commercial paper | - | - | - | |
| Distribution to noncontrolling owners | (2,947) | (136) | - | (3,083) |
| Equity transfers | - | - | - | - |
| Restricted contributions | 32 | 266 | - | 298 |
| | | | - | |
| Net cash used in financing activities | (76,697) | (2,796) | - | (79,493) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 9,715 | (4,397) | - | 5,318 |
| CASH AND CASH EQUIVALENTS — Beginning of year | 92,391 | 34,552 | - | 126,943 |
| CASH AND CASH EQUIVALENTS — March 31, 2018 | $ 102,106 | $ 30,155 | $ - | $ 132,261 |

# SSM HEALTH

## ADDITIONAL OPERATING STATS INFORMATION
## FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| BEDS | | | | |
| LICENSED BEDS - TOTAL | 4,708 | 664 | | 5,372 |
| STAFFED BEDS - TOTAL | 3,979 | 592 | | 4,571 |
| ACUTE PATIENT SERVICES | | | | |
| ADMISSIONS* | 44,902 | 2,755 | | 47,657 |
| PATIENT DAYS* | 221,978 | 10,525 | | 232,503 |
| AVERAGE LENGTH OF STAY | 4.9 | 3.8 | | 4.9 |
| SKILLED PATIENT SERVICES | | | | |
| ADMISSIONS* | 300 | - | | 300 |
| PATIENT DAYS* | 32,965 | 33,350 | | 66,315 |
| AVERAGE LENGTH OF STAY | 109.9 | - | | 221.1 |
| OUTPATIENT SURGERIES | 16,699 | 3,978 | | 20,677 |
| OUTPATIENT VISITS | 392,589 | 109,922 | | 502,511 |
| EMERGENCY ROOM VISITS | 195,898 | 17,606 | | 213,504 |
| PERCENTAGE OCCUPANCY** | 71.2% | 82.3% | | 72.6% |
| PERCENTAGE OF NET REVENUES BY PAYOR MIX *** | | | | |
| Medicare | 29% | 15% | | 28% |
| Medicaid | 13% | 3% | | 12% |
| Managed Care | 47% | 72% | | 49% |
| Other | 11% | 10% | | 11% |
| Total | 100% | 100% | | 100% |

* Excludes newborns

** Of beds in service

*** Does not include Agnesian/Monroe campus

# SSM HEALTH

## ASSETS LIMITED AS TO USE OR RESTRICTED
## AS OF MARCH 31, 2018
## (In thousands)

| | CREDIT GROUP | OTHER ENTITIES | ELIMINATIONS | TOTAL |
|---|---|---|---|---|
| Board designated: | | | | |
| Unrestricted Invest Assets | $ 2,289,884 | $ 501,182 | $ - | $ 2,791,066 |
| Other Restrict Invest Asset | 173,381 | 11,911 | - | 185,292 |
| Securities on deposit as required by state regulators | 5,419 | 13,322 | - | 18,741 |
| Held by trustees: | | | | |
| Project funds | - | 20,708 | - | 20,708 |
| Bond funds | - | 2,359 | - | 2,359 |
| Self-insurance | 168,901 | 27,225 | - | 196,126 |
| Funds held in escrow | - | | - | |
| Collateral held under swap agreements | - | | - | - |
| Collateral held under securities lending agreements | 60,344 | 608 | - | 60,952 |
| Total assets limited as to use | 2,697,929 | 577,315 | - | 3,275,244 |
| Temporarily restricted funds | 365 | 56,282 | - | 56,647 |
| Permanently restricted funds | 9,114 | 20,709 | - | 29,823 |
| Total assets restricted as to use | 9,479 | 76,991 | - | 86,470 |
| Total assets limited as to use or restricted | 2,707,408 | 654,306 | - | 3,361,714 |
| Less: current portion | (231,711) | (164,249) | - | (395,960) |
| **Noncurrent portion** | $ 2,475,697 | $ 490,057 | $ - | $ 2,965,754 |

# SSM HEALTH (SSMH)

## Quarterly Disclosure Package

## Management Discussion and Analysis (MD&A)

*concerning the*

## Unaudited Consolidated Financial Information for the Three months ended March 31, 2019

SSMHealth

**<u>This document is dated May 17, 2019.</u>**

**SPECIAL NOTE CONCERNING FORWARD LOOKING STATEMENTS**. Certain of the discussions included in the following Management Discussion and Analysis ("Analysis") may include forward-looking statements, which involve known and unknown risks and uncertainties inherent in the operation of an integrated health care delivery system. In particular, statements preceded by, followed by, or that include the words *"anticipates," "believes," "budgets," "estimates," "expects," "forecasts," "intends," "plans," "possible," "potential," "predicts," "projects," "guiding," and* similar expressions, constitute forward-looking statements. Actual actions or results may differ materially from those discussed in the Analysis. Specific factors that might cause such differences include but are not limited to: competition from other health care providers, economic conditions in the communities SSM Health serves, state and federal regulation and the policies and practices of private insurers regarding payment for medical services. SSM Health undertakes no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this report.

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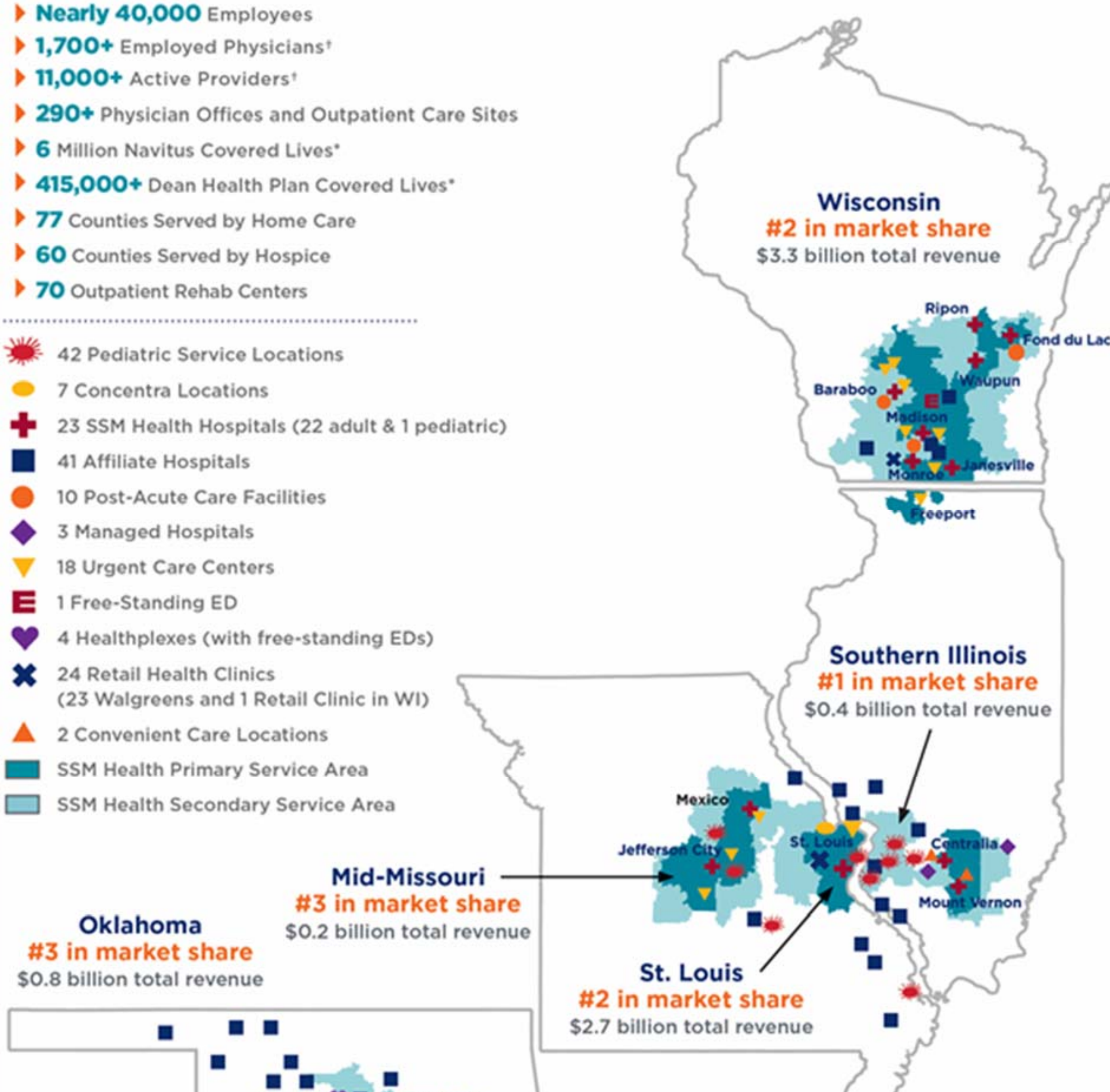
SSMHealth.

# At a Glance

## Our Ministries

- **Nearly 40,000** Employees
- **1,700+** Employed Physicians†
- **11,000+** Active Providers†
- **290+** Physician Offices and Outpatient Care Sites
- **6** Million Navitus Covered Lives*
- **415,000+** Dean Health Plan Covered Lives*
- **77** Counties Served by Home Care
- **60** Counties Served by Hospice
- **70** Outpatient Rehab Centers

- 42 Pediatric Service Locations
- 7 Concentra Locations
- 23 SSM Health Hospitals (22 adult & 1 pediatric)
- 41 Affiliate Hospitals
- 10 Post-Acute Care Facilities
- 3 Managed Hospitals
- 18 Urgent Care Centers
- 1 Free-Standing ED
- 4 Healthplexes (with free-standing EDs)
- 24 Retail Health Clinics (23 Walgreens and 1 Retail Clinic in WI)
- 2 Convenient Care Locations
- SSM Health Primary Service Area
- SSM Health Secondary Service Area




**FOOTNOTES:**

All health ministries not indicated on map. Statistics are from accounting records.

† Values are approximate; physician counts reflect the full complement of physicians employed by SSM Health.

* Values for Dean Health Plan (including Prevea360) and Navtius as of March 2019.

Market share in all areas is measured by inpatient discharges relative to the region's combined primary and secondary service areas.

Revised 5/15/2019

## I. Organization

SSM Health (SSMH or System) is a centrally managed, fully integrated health care delivery system with its headquarters based in St. Louis, Missouri. Through its affiliated corporations, SSMH owns and operates hospitals, long-term care facilities, an extensive network of physician practice operations, a health plan and pharmacy benefit management organization (PBM), as well as other health care businesses, located primarily in four states, and whose related businesses provide health related administrative services in 39 states. SSMH is sponsored by SSM Health Ministries which is a seven-member body comprised of two Franciscan Sisters of Mary (FSM), one Sister of St. Agnes, and four lay people who collectively hold certain reserved powers over SSMH. The health care activities of FSM date back to 1872 when the founder and four other sisters arrived in St. Louis from Germany, committed to serve the sick and the poor.

SSMH operations are organized for operational efficiency and effectiveness. These operations are developed to ensure shared objectives are achieved with strategies and objectives set at a regional level to optimize market potential and best meet community needs. SSMH streamlined its system structure in 2017 to create a single point of accountability at the regional level for Hospital, Physician, and Ambulatory operations (excluding post-acute services). The regional presidents are responsible for performance of these operations across their respective regions and report directly to the Chief Operating Officer. The purpose of this structure is to deliver improved performance, increase agility, and enhance collaboration between medical group and hospital operations. Regional post-acute services are aggregated together across the system and are accountable to the Chief Operating Officer. Also, the President of Dean Health Plan reports directly to SSMH's President/CEO and is also responsible for Navitus, Inc., SSMH's PBM.

SSMH's hospital operations are comprised of 22 adult hospitals and one pediatric hospital, which are located throughout Missouri, Illinois, Oklahoma and Wisconsin. These hospitals, and more than 11,000 medical staff members, provide a comprehensive range of inpatient and outpatient services, including emergency, trauma, general acute, OB/GYN, pediatric, orthopedic, oncology, cardiac care, behavioral medicine, and neurology/neurosurgery. Additionally, SSMH manages three acute care hospitals, two in Southern Illinois and one in Oklahoma; has a minority ownership interest in four hospitals and has strategic affiliation agreements with 41 hospitals. SSMH provided over 183,000 inpatient visits in 2018. SSM Health Medical Groups include the professional clinical services of over 1,700 physicians (who are either employed directly by SSMH, are covered by a professional services agreement, or are actively being recruited and have signed letters of intent or employment with SSMH). SSMH's ambulatory service offerings include numerous urgent care centers, imaging and surgery centers, and other outpatient services. SSMH provided over 2.0 million outpatient visits in 2018.

SSMH's post-acute services are comprised of: (i) home health and hospice services, with more than 300,000 home care visits and approximately 70,000 hospice days per year; (ii) ten post-acute care facilities; (iii) inpatient and outpatient rehabilitation services provided through the SSM Rehabilitation Network, which is a joint venture with Select Medical Corporation that includes: (a) 68 outpatient physical therapy centers located throughout the metropolitan St. Louis region; (b) 14 Homeward Bound Locations, which provide a unique combination of rehabilitation and medical care in an outpatient setting; (c) six SSM Day Institutes, which provide flexible full-day outpatient rehabilitation services; and (d) three rehabilitation hospitals (one freestanding facility and two units located within existing SSM Health hospital campuses).

SSMH's Health Plan and PBM operations include Dean Health Plan (DHP) and its partnership with Prevea360 Health Plan, which serve approximately 415,000 members in Wisconsin, as well as Navitus, Inc., a PBM that has approximately six million covered lives in 39 states. Additionally, the division is leading value-based care expansion across SSMH's markets through a variety of service offerings that include health improvement, bundled payment, shared savings, and risk transfer mechanisms.

## II. Mission

*"Through our exceptional health care services, we reveal the healing presence of God."*

This thirteen-word statement was developed in 1999 with involvement and input from over 3,000 employees. The mission statement is intended to guide SSMH's decisions and actions, and the achievement of "exceptional health care services" is measured by the top decile results in the areas of quality, safety, patient satisfaction, and employee and physician commitment. For financial goals, "exceptional" is set based on goals established through the strategic and financial planning process.

## III. Vision 2023

As a Catholic health ministry, SSM Health will be a **leader** in delivering **compassionate**, **safe**, **affordable** and **accessible** care designed around **the needs of the individual**. We will nurture the **well-being of our communities** and **partner** with others to seek out **innovative** solutions to **improve health at every stage of life**.

## IV. Overview

This MD&A report is provided to give management's view of key factors underlying SSMH's financial performance and position as of and for the three months ended March 31, 2019. The report also includes an update on capital and debt as of March 31, 2019. Unless otherwise stated, financial results are described in thousands of U.S. dollars and relate to the periods ended March 31, 2019 and 2018.

For detailed financial results please refer to the financial information included in Sections I. and II. of this compliance posting. Note, the data and information reflected in this MD&A report may not fully comply with generally accepted accounting principles (GAAP) and/or statutory accounting reporting requirements. Also, the data for the three months ending March 31, 2018 includes the impact of the sponsorship transfer of Agnesian HealthCare and The Monroe Clinic (hereinafter collectively referred to as "CSA") to SSMH, which had an effective date of January 1, 2018, but does not reflect purchase accounting adjustments for the transaction, which were not completed until third quarter of 2018.

**Table 1 – Overview of Current Financial Performance Metrics**

| | YTD 2019 |
|---|---|
| **Total Operating Revenues** | $1,968,347 |
| **Operating EBITDA** | 167,915 |
| **Operating Income** | 72,974 |
| **Non-operating Gain (Loss), net*** | 145,321 |
| **Excess EBITDA*** | 313,236 |

* Excludes impact from changes in market value of interest rate swaps of $(17.5) million

## V. Adoption of New Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance became effective for SSMH on January 1, 2019. While ASU 2016-02 retains a distinction between operating leases and financing leases (and the classification criteria is substantially similar to previous lease guidance), under the new guidance all lessees must recognize a lease asset for the right-of-use of the underlying asset and a lease liability for the obligation to make payments by lessees on the balance sheet for leases currently classified as operating leases.

Upon adoption of ASU 2016-02, SSM elected to apply the provisions of ASU 2018-11, which permits companies to change its date of initial application to the beginning of the period of adoption of ASC 842 (e.g., January 1, 2019, for SSM). In doing so, SSM will not restate comparative periods but will show a cumulative-effect adjustment to net assets as of January 1, 2019, if applicable. SSM did not have a cumulative effect as of January 1, 2019.

The ASU also provides a practical expedient which will allow companies to continue to account for existing leases under the prior guidance unless a lease is modified, other than the requirement to recognize the right-of-use asset and lease liability for all operating leases. SSMH elected such practical expedients related to, among other things, lease classification (in which existing leases classified as operating leases under current GAAP would be classified as an operating lease under the new ASU, and existing leases classified as a capital lease under current GAAP would be classified as a finance lease under the new ASU), non-lease components for real estate leases (in which fixed non-lease components, such as property taxes, insurance and maintenance, would be treated as a lease component and considered part of minimum lease rent payments), and short-term leases (in which leases with an original term of 12 months or less would be excluded from the recognition requirements of the new ASU).

As a result of the new guidance, as of January 1, 2019, SSMH recognized an Operating Right-of-Use Asset of approximately $265.0 million and an Operating Lease Obligation of approximately $270.0 million, of which approximately $60.0 million is classified as current and $210.0 million is long-term. There was not a material impact on the consolidated statements of operations and changes in net assets or cash flows. In addition, based on a review of the SSMH's Master Trust Indenture, as well as guidance from external legal counsel, it was determined that the Operating Lease Obligation should not be included in the calculation of certain financial ratios for compliance purposes.

## VI. Operating Results

**A. Net Patient Service Revenue:** Net patient service revenue (NPSR) was essentially flat (down $0.4 million), at $1.3 billion during the three months ended March 31, 2019, compared to the similar period in 2018. Net inpatient revenue (including skilled nursing) decreased 3.1%, while net outpatient revenue (including physician operations and home health) increased 2.0%. Charity care and bad debt declined 8.4% during the period, mainly as a result of improved revenue cycle management efforts that have increased patient collections.

**Table 2 – Net Patient Service Revenue Mix**

| | YTD 2019 | YTD 2018 | Chg. |
|---|---|---|---|
| **Inpatient** | 38.3% | 40.5% | -2.2pp |
| **Outpatient** | 61.7% | 59.5% | 2.2pp |
| | 100.0% | 100.0% | |

**Table 3 – Net Payor Mix**

| | YTD 2019 | YTD 2018 | Chg. |
|---|---|---|---|
| **Medicare** | 27% | 28% | -1pp |
| **Medicare Managed Care** | 10% | 9% | 1pp |
| **Medicaid** | 11% | 12% | -1pp |
| **Medicaid Managed Care** | 8% | 6% | 2pp |
| **Managed Care** | 32% | 34% | -2pp |
| **Commercial, Self-Pay and Other** | 12% | 11% | 1pp |
| | 100% | 100% | |

Payor mix data is based on patient revenue after contractual adjustments and charity care, but before impact of bad debt. CSA data is being cross walked to SSMH reporting methodology, and as such is excluded from the payor mix data above.

SSMH's Adjusted Patient Days (APD) decreased 2.6% during the period based on increases in observation days and outpatient visits, and a decline in admissions, that shifted the procedure mix more towards outpatient services. This shift is in line with SSMH's goal to have 65% of patient revenue generated from outpatient services by 2023. Net Patient Revenue per Adjusted Patient Day increased 3.7% to $2,558, mainly due to an increase in acute care case mix index (CMI) to 1.62 during the three months ended March 31, 2019, compared to 1.58 during the three months ended March 31, 2018, as well as the decline in APD.

**Table 4 – Key Operational Statistics**

| | YTD 2019 | YTD 2018 | % Chg. |
|---|---|---|---|
| **Acute Admissions** | 43,898 | 47,657 | -7.9% |
| **Occupancy Rate** | 68.0% | 73.0% | -5.0pp |
| **Adjusted Patient Days (APD)** | 536,290 | 550,492 | -2.6% |
| **Inpatient Surgeries** | 9,436 | 9,724 | -3.0% |
| **Outpatient Surgeries** | 20,829 | 20,677 | 0.7% |
| **Outpatient Visits** | 511,063 | 502,511 | 1.7% |
| **Emergency Visits** | 194,539 | 213,504 | -8.9% |
| **Net Patient Revenue per APD** | $2,558 | $2,467 | 3.7% |
| **Observation Days** | 17,858 | 14,448 | 23.6% |

B. **Premium and Other Operating Revenues:** Premium and other operating revenues, which includes those generated through DHP, Navitus, Lumicera and Dean Retail Services, is comprised of Premiums earned, Pharmacy benefit management revenue, Investment income (operating), Other revenues, and Net assets released from restrictions. The total of these revenues increased $96.6 million, or 16.1% during the three months ended March 31, 2019, compared to the three months ended March 31, 2018. Operating investment income increased $47.7 million compared to the similar period last year.

Premium revenue increased by $3.1 million, or 0.8% during the period, despite relatively flat overall membership growth during the period. The premium revenue increase was primarily attributable to rate increases in the Group Commercial segment, which offset a decline in Individual premium rates. Rates for both the Group Commercial and the Individual segments were negatively impacted by the removal of the Federal Health Insurance Tax, which would have increased rates approximately 3% from 2018 levels. In addition, rates in the Individual segment were impacted by the enactment of the new Wisconsin reinsurance program, which is expected to lower costs to insurers for higher cost cases, allowing for a reduction in premium rates.

Group Commercial membership increased significantly during the period, with DHP picking up coverage for local government employees and other commercial groups, mainly as a result of pricing strategies intended to stabilize the segment. However, overall membership declined 0.6% from the previous year primarily driven by a decline in the administrative services only (ASO) arrangement with Children's Community Health Plan (CCHP) and losses in the Medicaid segment. CCHP business deteriorated during the period, in part due to a decline in Medicaid-eligible population from a strengthening economy, as well as increasing competition in the market service area. The decline in the Other segment is related to a portion of the Prevea360 lives being transferred to the ASO business line.

**Table 5 – Covered Lives per Business Line**

| | March 2019 | March 2018 | % Chg. |
|---|---|---|---|
| **Group** | 158,417 | 151,944 | 4.3% |
| **Individual** | 36,758 | 39,585 | -7.1% |
| **Medicare Supplement** | 20,757 | 22,330 | -7.0% |
| **MAPD** | 5,231 | 3,860 | 35.5% |
| **Medicaid** | 36,699 | 38,371 | -4.4% |
| **Other** | 13,059 | 14,497 | -9.9% |
| **Administrative Services Only** | 145,143 | 147,820 | -1.8% |
| | 416,064 | 418,407 | -0.6% |

Pharmacy benefit management revenue reflects pharmacy product revenue and other revenues recognized by Navitus, SSMH's fully-transparent, pass-through, pharmacy benefit management (PBM) company, as well as those generated by Lumicera, SSMH's specialty pharmacy business. The combined Navitus and Lumicera revenue increased by $27.8 million, or 24.9% during the period, mainly from growth in prescriptions at Lumicera, which have increased at a compound annual growth rate (CAGR) of 66% from 2015 through 2018.

Other revenue reflects amounts generated by various other businesses, including Dean Retail Services (the Wisconsin region's retail pharmacy business). This revenue increased $18.1 million, or 15.7% during the three months ended March 31, 2019, compared to the three months ended March 31, 2018.

C. **Total Operating Revenue:** Total operating revenues for the three months ended March 31, 2019 increased $96.2 million, or 5.1%, to $2.0 billion compared to the similar period in 2018.

D. **Operating Expenses and Income:** For the three months ended March 31, 2019, operating expenses increased $65.7 million, or 3.6%, compared to the similar period in 2018.

Compensation expense increased $33.8 million, or 4.2%, during the period. Compensation per adjusted patient day (APD) increased 4.6% to $1,406, which was slightly above the growth rate in NPSR per APD.

Medical claims expense, net of intercompany eliminations, was flat during the period.

Supplies expense increased by $36.0 million, or 9.1%, during the three months ended March 31, 2019 compared to the similar period in 2018, mainly from growth at Navitus, Lumicera and Dean Retail Services, which accounted for $32.5 million of the increase. However, it should be noted that increases in supply expense for Navitus, Lumicera and Dean Retail Services are more than offset through corresponding revenue growth, which is reflected in Pharmacy benefit management revenue for Navitus and Lumicera and Other revenue for Dean Retail Services.

The System's operating income was $73.0 million, or 3.7% of total operating revenue, for the three months ended March 31, 2019, compared to $42.5 million, or 2.3% for the similar period in 2018.

As previously disclosed, in the third quarter of 2017, SSMH created a performance excellence office (PEO) with the goal of identifying and implementing performance improvement projects in four primary areas: workforce management, revenue cycle management, supplies and pharmacy, and other initiatives. This structure has since evolved into ongoing Continuous Improvement (CI) initiatives, including the implementation of a new operating model for the organization along with the creation of an Enterprise Project Management Office (EPMO), which is led by key stakeholders within the organization and has been instituted to create a culture of continuous improvement for SSMH. In 2018, SSMH was able to achieve $150.0 million in cost savings and revenue enhancements through CI initiatives.

Through the end of the first quarter of 2019, SSMH has identified incremental revenue enhancements and cost savings from CI initiatives of approximately $100.0 million. CI workstreams currently include (but are expected to continually evolve over time): supply chain optimization, revenue cycle management, value-based care initiatives, managed care and population health, workforce management, and other growth initiatives. For the three months ended March 31, 2019, SSMH achieved approximately $19.2 million of revenue enhancements and cost savings stemming from CI initiatives.

E. **Non-Operating Gains and (Losses):** Non-operating gains and losses, which include non-operating investment income, the change in fair value of interest rate swaps, non-operating pension expense, as well as other items, was $127.8 million for the three months ended March 31, 2019, which represents an increase of $106.3 million compared to the similar period in 2018. The main growth driver was the increase in non-operating investment income, which was up $143.0 million over the amount reported for the three months ending March 31, 2018.

F. **Excess of Revenues Over Expenses:** For the three months ended March 31, 2019, excess revenue over expenses before taxes was $200.8 million, which represents an increase of $136.8 million compared to the similar period in 2018. Including the impact of taxes, excess of revenue over expenses, including the non-controlling interest income, was $200.6 million, or 10.2% of total operating revenue, compared to $64.4 million, or 3.4% for the similar period in 2018.

## VII. Financial Position

A. **Key Balance Sheet Ratios:** SSMH's unrestricted cash and investments increased by $120.4 million, or 4.0%, from March 31, 2018 to March 31, 2019, which was primarily attributable to strong operating cash flow and investment gains during the period. Days Cash on Hand, excluding DHP related items, was flat during the period and unrestricted cash to total debt increased to 118.8% at March 31, 2019 from 117.1% at March 31, 2018. Debt to capitalization also improved during the period, going from to 47.1% at March 31, 2018 to 46.1% at March 31, 2019.

During the second half of 2018, both S&P Global and Fitch rating services changed their outlook for SSMH from negative to stable, and in 2Q 2018 a new Moody's rating was added at A1 with a stable outlook. In its report S&P Global cited SSM Health's *"…very strong enterprise profile, solid market position in key service areas, and generally sound balance sheet, [as supportive of] the 'A+' rating with a stable outlook, given improved year to date financial results and increased focus and discipline on operations from both management and governance."*

**Table 6 – Summary of Key Liquidity and Capital Structure Ratios**

| | March 2019 | March 2018 | Chg. | % Chg. |
|---|---|---|---|---|
| **Unrestricted Cash ($mm) [1]** | $3,099.3 | $2,978.9 | $120.4 | 4.0% |
| **Net Patient AR ($mm)** | $786.4 | $738.6 | $47.8 | 6.5% |
| **Net Assets Without Donor Restrictions ($mm)** | $3,058.0 | $2,863.7 | $194.3 | 6.8% |
| **Days Cash on Hand [1]** | 167.0 | 167.2 | -0.2 | -0.1% |
| **Accounts Receivable (days)** | 55.0 | 49.9 | 5.1 | 10.2% |
| **Debt Service Coverage [2]** | 5.6 | 5.4 | 0.2 | 3.7% |
| **MADS Coverage [3]** | 3.5 | 3.2 | 0.3 | 9.4% |
| **Debt to Capitalization** | 46.1% | 47.1% | -1.0pp | n/a |
| **Debt to Cash Flow** | 2.1 | 4.6 | -2.5 | -54.3% |
| **Cushion Ratio [1][4]** | 30.6 | 24.6 | 6.0 | 24.4% |
| **Current Ratio** | 0.9 | 1.0 | -0.1 | n/a |
| **Cash to Debt [1]** | 118.8% | 117.1% | 1.7pp | n/a |

[1] Excludes DHP unrestricted cash and investments of $256.6mn and $224.5mn, in 2019 and 2018 respectively, as well as DHP related daily cash operating expenses.
[2] Debt service coverage calculation excludes a $159.0mn unrealized loss on investments from available income in 2019, and an $23.6mn unrealized gain on investments in 2018. Ratio reflects annualized income available for debt service and annualized debt service.
[3] MADS coverage based on rolling 12 months ending on specified period.
[4] The cushion ratio represents unrestricted cash and investments that are available to cover annual debt service.

**B. Investments:** At March 31, 2019 and 2018, the actual asset class allocations of SSMH's Unrestricted Portfolio (UP), which is a subset of the composite centralized investment program (CIP), were as follows:

**Table 7 – Unrestricted Portfolio Asset Allocation**

| | March 2019 | March 2018 | Chg. |
|---|---|---|---|
| **Enhanced Cash** | 6.9% | 3.4% | 3.5pp |
| **Equities** | 39.7% | 45.0% | -5.3pp |
| **Fixed Income** | 32.6% | 28.7% | 3.9pp |
| **Hedge Funds** | 7.9% | 13.9% | -6.0pp |
| **Real Assets** | 10.0% | 7.9% | 2.1pp |
| **Private Equity** | 2.8% | 1.1% | 1.7pp |
| **Strategic Private Investments** | 0.1% | 0.0% | 0.1pp |
| | 100.0% | 100.0% | |

The composite value of all of the centralized investment program portfolios was $4.4 billion at March 31, 2019. This includes $1.6 billion of pension plan assets that are netted against pension liabilities on SSMH's consolidated balance sheet. Dean Health Plan and certain foundation assets are not currently included within the CIP but are reflected in the consolidated financial statements of SSMH.

Investment performance was positive for the three months ending March 31, 2019, with the consolidated investment portfolio (which excludes pension related investments) earning 6.3%, yielding investment income (operating and non-operating) of $196.6 million, which is $190.7 million higher than the amount reported for the similar period in 2018.

A comparison of the results for 2018 and 2019 is listed in the following table. This table also includes a breakout of 2019 investment gains by income recognition (realized and unrealized), income segment (operating and non-operating), and the amounts attributed to interest and dividend earnings.

**Table 8 – Summary of Investment Income** **($ in millions)**

| **a. 2019 - 2018 Comparisons** | **YTD 2019** | **YTD 2018** |
|---|---|---|
| Interest, dividends and realized gain, net | $37.6 | $29.5 |
| Change in unrealized gains (losses) | 159.0 | (23.6) |
| Total investment income | $196.6 | $5.9 |

| **b. 2018 Sources**<br>**Investment Gain Classification** | **Interest & Dividends** | **Realized Gain** | **Change in Unrealized Gains** | **Total** |
|---|---|---|---|---|
| Operating | $4.7 | $7.1 | $36.1 | $47.9 |
| Non-operating | 11.3 | 14.5 | 122.9 | 148.7 |
| Total | $16.0 | $21.6 | $159.0 | $196.6 |

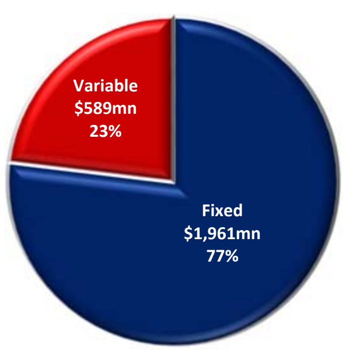
**C. Debt Structure:** At March 31, 2019, SSMH's total debt, including commercial paper and lines of credit, increased by $62.8 million from March 31, 2018, mainly due to the issuance of the Series 2018 bonds.

**Table 9 – Summary of Total Debt ($ in millions)**

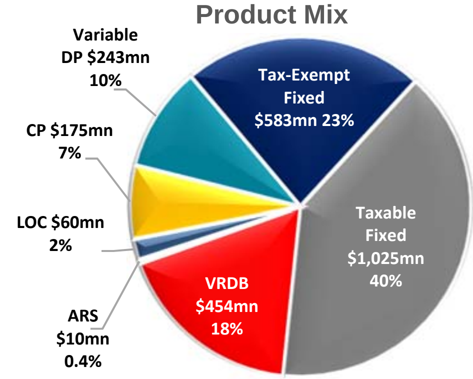
| **Secured Under the Master Trust Indenture:** | **March 2019** | **March 2018** | **Chg.** |
|---|---|---|---|
| Tax-exempt fixed rate debt | $583.2 | $794.8 | ($211.6) |
| Taxable fixed rate bonds | 1,024.6 | 500.0 | 524.6 |
| Variable rate demand bonds | 454.0 | 300.0 | 154.0 |
| Variable rate direct loans | 243.4 | 468.7 | (225.3) |
| Auction rate bonds | 10.0 | 27.3 | (17.3) |
| Term loan | 0.0 | 84.1 | (84.1) |
| Revolving Line of Credit | 60.0 | 110.5 | (50.5) |
| **Total under Master Indenture** | **2,375.2** | **2,285.4** | **89.8** |
| **Other:** | | | |
| Various NP and other debt | 52.0 | 51.7 | 0.3 |
| Capitalized lease obligations | 24.6 | 25.7 | (1.1) |
| Deferred financing costs | (12.3) | (11.2) | (1.1) |
| Commercial Paper | 175.0 | 200.0 | (25.0) |
| Revolving Line of Credit | 0.0 | 0.1 | (0.1) |
| *Not Secured Under Master Indenture* | *239.3* | *266.3* | *(27.0)* |
| **Total Debt** | **2,614.5** | **2,551.7** | **62.8** |
| **Balance Sheet Classification:** | | | |
| Total Long-Term Debt (including current portion and capital leases) | 1,925.5 | 1,941.3 | (15.8) |
| Total Short-Term Debt | 689.0 | 610.4 | 78.6 |
| **Total Debt** | **$2,614.5** | **$2,551.7** | **$62.8** |

Figures in the table above include unamortized premiums/discounts

**Effective Fixed / Variable Mix**




**Product Mix**



SSMH utilizes lines of credit for general corporate purposes. In April 2019, SSMH renewed a revolving line of credit agreement for $500.0 million, which is secured under SSMH's existing Master Trust Indenture, for an additional 364-day term ending April 3, 2020. At March 31, 2019, SSMH had $60.0 million outstanding on the line, which was related to the redemption of the Series 2014I bonds.

At March 31, 2019, SSMH maintains a taxable Commercial Paper program totaling $400.0 million, of which $175.0 million was issued and outstanding at March 31, 2019. SSMH's commercial paper has historically traded at the London Inter-bank Offered Rate (LIBOR) or better and has broadened the investor base for SSMH beyond traditional tax-exempt investors.

The following financing activity has occurred over the twelve months ending March 31, 2019:

- On May 8, 2018, SSMH closed on the issuance of the Series 2018 bonds. This transaction included the issuance of $664.0 million in principal of new debt ($346.8 million in taxable debt and $317.2 million of tax-exempt debt) that was used to refinance the following amounts of SSMH's and CSA's outstanding debt, as well as to pay down approximately $75.0 million on a revolving line of credit, which was drawn in March 2018:
  - Specifically, SSMH used proceeds of the taxable portion of the Series 2018 Bonds for eligible corporate purposes, including to provide for (1) the payment and/or redemption of all of the outstanding principal amount of the SSM Health Care Series 2010A bonds, the SSM Health Care Series 2010B bonds, the Agnesian HealthCare, Inc. Series 2008 bonds, the Agnesian HealthCare, Inc. Series 2011 bonds, the Agnesian HealthCare, Inc. Series 2013A bonds, The Monroe Clinic, Inc. Series 2012A bonds, and The Monroe Clinic Series 2012B bonds; (2) the payment of a swap termination payment; and (3) the payment of costs of issuance of the Series 2018 Bonds. With the issuance of the taxable bonds, SSMH also issued an Obligation under the Master Indenture to secure the payment of the principal of and interest on the outstanding Agnesian HealthCare, Inc. Series 2017 bonds.
  - SSMH used proceeds of the tax-exempt portion of the Series 2018 transaction to (1) provide for the refunding of the Agnesian HealthCare, Inc. Series 2010 bonds, the Agnesian HealthCare, Inc. Series 2013B bonds, and The Monroe Clinic Series 2016 bonds; (2) to provide for the payment of all or a portion of certain outstanding indebtedness that refinanced facilities previously financed by the SSM Health Care Series 2008A bonds, the SSM Health Care Series 2010A bonds, and the SSM Health Care Series 2010B bonds; and (3) to finance and refinance certain capital projects of SSMH and certain of its affiliates.
  - Concurrently with the closing of the transaction for the Series 2018 Bonds, Agnesian HealthCare and The Monroe Clinic were added to the SSMH Credit Group.

- Post-closing, all CSA related debt was refinanced, except for the Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2017 (Agnesian HealthCare, Inc.), which were brought under SSMH's master trust indenture with the transaction.

- SSMH also entered into interest rate swap agreements with an aggregate notional amount of $188.0 million on April 27, 2018, which are authenticated as Obligations entitled to certain benefits of the Master Indenture.
- On December 11, 2018, SSMH closed on the issuance of the Series 2018 Additional Bonds. This transaction included the issuance of $177.7 million in principal of new taxable fixed rate debt that was used to:
  - Provide for payment of all of the outstanding principal balance under the term loan agreement with Bank of America ($80.7 million).
  - Redeem all of the principal balance of the Series 2014J Bonds ($95.1 million).
  - Issuance costs, original issue discount, and accrued interest comprised the remaining balance of the issuance.
  - As mentioned above, concurrent with the issuance of the Series 2018 Additional Bonds, SSMH drew $60.0 million on its revolving line of credit in order to redeem all of the principal amount outstanding of the Series 2014I Bonds.
- SSMH funded scheduled bond payments of $25.1 million during the period.

**D. Derivative Instruments:** As of March 31, 2019, SSMH had six floating-to-fixed interest rate swaps, four fixed spread basis swaps, one total return swap, and two fixed-to-floating interest rate swaps. SSMH generally uses its derivatives portfolio to manage the System's interest cost and debt duration.

Under the outstanding floating-to-fixed swaps, SSMH receives LIBOR or a percentage of LIBOR plus a spread of 0.12% and pays a fixed rate. Under the fixed spread basis swaps, SSMH pays a rate based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) and receives a percentage of LIBOR plus a spread ranging from 0.40% and 0.62%. Under the total return swap, SSMH pays both a fixed rate equal to the coupon interest rate on the Series 2012A bonds (4.78%) and SIFMA plus a spread, then receives the same fixed rate equal to the coupon interest rate on the Series 2012A bonds (4.78%). Under the fixed-to-floating interest rate swaps, SSMH receives a fixed rate and pays three-month LIBOR or SIFMA. Counterparties to SSMH's swaps are diversified and include Goldman Sachs, JP Morgan, Citibank, Wells Fargo, Union Bank, Deutsche Bank, Barclays and PNC Bank.

The swaps had a total notional amount of $1,190.4 million with a total mark-to-market value of $(123.4) million as of March 31, 2019, which is a decline of $11.7 million compared to the mark-to-market value as of March 31, 2018. In the event that the mark-to-market valuation reaches a certain negative value, SSMH may be required to post collateral for the benefit of the swap counterparty. Based on the mark-to-market valuation as of March 31, 2019, SSMH was not required to post collateral for the benefit of the counterparties.

**Table 10 – Summary of Fair Value of Derivatives**

| | | | March 31, 2019 ($ in thousands) | |
|---|---|---|---|---|
| **Derivatives not designated as hedges** | **Maturity Date of Derivatives** | **Fixed Rate** | **Notional Amount Outstanding** | **Fair Value** |
| Interest rate swaps | 2034 - 2044 | 2.068% - 5.216% | $1,190,400 | ($123,370) |

The estimated fair values of the interest rate and basis swap instruments have been determined using available market information and valuation methodologies, primarily discounted cash flows.

**E. Liquidity:** The following table describes the liquidation period of the unrestricted cash and investments of SSMH as of March 31, 2019 (exclusive of certain DHP assets).

**Table 11 – Liquidation Period of Unrestricted Cash**

| Liquidation Period | Amount ($ in millions) | Cumulative % |
|---|---|---|
| **T+0** | $462.4 | 15% |
| **T+3** | 1,681.6 | 69% |
| **Monthly or Less** | 401.8 | 82% |
| **Quarterly or Less** | 141.1 | 87% |
| **Illiquid** | 412.4 | 100% |
| **Total** | **$3,099.3** | |

The following table describes the self-liquidity indebtedness of SSMH. For purposes of this table, "self-liquidity indebtedness" means indebtedness that is subject to mandatory tender or maturity within one year or less, excluding the current portion of long-term indebtedness and lines of credit.

**Table 12 –Self Liquidity Indebtedness**

| | Principal Amount ($ in millions) |
|---|---|
| **CP Mode VRDB** | $200.0 |
| **Daily VRDB** | 54.0 |
| **Weekly VRDB** | 200.0 |
| **Taxable CP** | 175.0 |
| **Total Self-Liquidity Debt** | $629.0 |

**F. Risk Based Capital:** SSMH uses Risk Based Capital (RBC) to monitor the adequacy of liquidity and capitalization of DHP. RBC is a method of measuring the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. For health insurance companies, regulatory action is activated when RBC falls below 200%. The RBC statistics for DHP stood at 576% and 537% as of December 31, 2018 and December 31, 2017, respectively (RBC is reported on an annual basis).

**G. Capital Planning:** SSMH's capital plan reflects the strategic initiatives of SSMH. As part of the ongoing strategic and community needs planning process, management regularly assesses near-term and long-term capital requirements for each of its markets including both growth opportunities and replacement needs. Management also assesses strategic opportunities beyond the existing facilities for growth and to improve access to care in the communities SSMH serves.

The capital expenditure investment for SSMH, with an emphasis on physician alignment and outpatient expansion, and also includes routine equipment replacement, significant infrastructure replacement, and adoption of new technologies, is currently approved at $508 million for 2019 and is expected to be $500 million for 2020 and beyond. This includes the $500 million for the new 316 bed SSM-SLUH campus and adjoining ambulatory care center. This project broke ground in the fall of 2017 with an estimated completion date of September 1, 2020.

Management expects that the sources of funding for capital projects for fiscal years 2019 through 2020 will be cash from operations, investment earnings, and bond financing under the Master Indenture. Management reviews proposed capital expenditures from time to time, and evaluates capital expenditures based on a variety of factors, including results from operations, debt capacity, status of the financial markets, strategic importance of an individual project, and community needs.

## VIII. Subsequent Events

**A. Home Health and Hospice in Jefferson City and Mexico, Missouri:** On May 2, 2019, SSMH announced plans to sell its home care and hospice ministries in Jefferson City and Mexico, Missouri to LHC Group Inc. (NASDAQ: LHCG). Terms of the transaction are not being disclosed, but the sale is expected to be finalized on June 1, 2019. While the home health and hospice ministries are affiliated with the SSMH hospital facilities located in Jefferson City and Mexico and were originally slated to be included in a transaction for the Jefferson City and Mexico ministries to be sold to University of Missouri Health Care, which was announced in August 2018, SSMH continues to hold discussions with the University of Missouri in regards to affiliating SSMH's Mid-Missouri ministry enterprises with the University of Missouri's healthcare enterprise.

B. **Maryville ministries transaction:** On April 1, 2019, SSMH closed on the divestiture of its Maryville ministries, which included SSM Health St. Francis Hospital – Maryville and its affiliated outpatient, home care, hospice and medical group services and locations, as well as SSM Health Preschool and Child Care, to Mosaic Life Care. The total revenues for the Maryville ministries were less than one percent of total SSMH revenues in 2018.

C. **Paula Friedman Retirement:** After 26 years of faithful service, Paula Friedman retired from her role as Chief Strategy Officer (CSO) of SSMH on April 30, 2019. As CSO, Paula was responsible for short- and long-term strategic positioning, which included strategic planning, mergers, acquisitions, affiliations, patient and physician satisfaction and systems improvement across the four states in which SSM Health operates. SSMH does not have plans to replace Paula at this time. Her responsibilities for strategy, business development and analytics have been transferred to Carter Dredge, Chief Transformation Officer.

## IX. Financial Forecast and Guidance

SSMH is committed to providing transparent, thoughtful, and routine disclosure of financial results to the capital markets. In the disclosure for the first quarter of 2018, SSMH began providing guidance related to annual total operating revenue, annual operating EBITDA, and annual operating income, which it committed to updating on a quarterly basis.

In January 2019, SSMH posted the following operating guidance for 2019, which is being reiterated for 1Q 2019:

- 2019 total operating revenue between $7.5 billion and $7.8 billion
- 2019 operating EBITDA between $525 million and $575 million
- 2019 operating income between $140 million and $170 million

In addition, SSMH management has also set a goal to generate 65% of patient revenue through outpatient services by 2023.

Guidance will be updated with each quarterly posting of results. Note that financial results may be affected by a number of factors and are dependent upon the occurrence of future events that cannot be assured. SSMH makes no warranty of assurance regarding achievability of the stated guidance.

# APPENDIX A
## EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA) INFORMATION
## ($ in thousands)

| | YTD 2019 | YTD 2018 | Chg. | % Chg. |
|---|---|---|---|---|
| **Total Operating Revenues** | $1,968,347 | $1,872,167 | $96,180 | 5.1% |
| **Operating EBITDA** | 167,915 | 139,933 | 27,982 | 20.0% |
| **Excess EBITDA*** | 313,236 | 138,035 | 175,201 | 126.9% |
| **Operating EBITDA %** | 8.5% | 7.5% | n/a | 1.0pp |
| **Excess EBITDA %*** | 15.9% | 7.4% | n/a | 8.5pp |

* Excludes impact from changes in market value of interest rate swaps of $(17.5) million and $23.4 million in YTD 2019 and YTD 2018, respectively.
** YTD 2018 figures reflect reclassification of certain pension related expenses totaling $7.7 million from operating expenses to non-operating expenses.

## APPENDIX B
## Forward Looking Statements

Certain of the discussions included in this Analysis may include forward-looking statements, which involve known and unknown risks and uncertainties inherent in the operation of an integrated health care delivery system. In particular, statements preceded by, followed by, or that include the words *"anticipates," "believes," "budgets," "estimates," "expects," "forecasts," "intends," "plans," "possible," "potential," "predicts," "projects," "guiding,"* and similar expressions constitute forward-looking statements. These forward-looking statements are based on current plans and expectations that are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of management of SSM Health, which could significantly affect current plans and expectations and the future financial position and results of operations for the organization. Specific factors that might cause such differences include, but are not limited to:

- The impact of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), including the effects of any repeal of, or changes to, the ACA or changes to its implementation
- The impact of current and prospective tax reform measures, including those that would result in a higher uninsured population in the U.S., and in particular, the areas were SSM Health provides services
- The impact of federal budget cuts on reimbursement for services provided by SSM Health
- The possible enactment of additional federal or state health care reforms and possible changes to other federal, state or local laws or regulations affecting the health care industry
- Adjustments resulting from reimbursement audits, including audits by the Medicare Recovery Audit Contractor program
- Increases in the frequency or severity of uncollectible amounts associated with uninsured accounts or for deductibles and copayment amounts for insured accounts
- The ability to execute strategic initiatives and achieve operating and financial goals, including the ability to generate expected levels of patient volumes and control the costs of providing services
- Increases in the amount and type of competition, both from market incumbents and new entrants, in SSM Health's market service areas
- Changes in service mix and/or revenue mix, including potential declines in the population covered under third-party payer agreements, the ability to enter into and renew third-party payer provider agreements on acceptable terms and the impact of consumer-driven health plans and physician utilization trends and practices
- The impact from the actions of health insurers, health care providers, large employer groups and others to contain health care costs
- Increases in wages and the ability to attract and retain qualified management and personnel, including affiliated physicians, nurses and medical and technical support personnel

- The availability and terms of capital to fund the expansion of our business and improvements to our existing facilities
- Changes in accounting practices
- Changes in general economic conditions nationally and regionally in SSM Health's market service areas
- The increasing number and severity of cyber threats and the costs of preventing them and protecting patient and other data
- Changes in business strategy or development plans
- The impact of natural disasters, such as hurricanes and floods, or similar events beyond our control
- Other various risk factors.

SSM Health undertakes no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this report.

SSMHealth

# Quarterly Disclosure Package

# Debt Compliance Certificates for the Three Months ended March 31, 2019

# FORM OF COMPLIANCE CERTIFICATE
(Series 2014K)

To: PNC Bank, National Association (the *"Purchaser"*)

This Compliance Certificate is furnished pursuant to the Continuing Covenant Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the "*Agreement*") between PNC Bank, National Association (the *"Purchaser"*) and SSM HEALTH CARE CORPORATION, a Missouri nonprofit corporation (the *"Corporation"*) for itself as Corporation and as Obligated Group Agent on behalf of the Obligated Group. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.

2. This Compliance Certificate is provided with respect to the fiscal quarter ending on March 31, 2019 (the *"Relevant Period"*).

3. The unaudited financial statements referred to in Section 6.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 6.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.

4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE______________________________________________________________

__________________________________________________________________

__________________________________________________________________

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 17th day of May 2019.

SSM HEALTH CARE CORPORATION

DocuSigned by:

By ____________________

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Name __Kris A. Zimmer___

Title ___Treasurer_____________

# ANNEX I
## TO COMPLIANCE CERTIFICATE

## SSM HEALTH CORPORATION

## COMPLIANCE CALCULATIONS
## FOR CONTINUING COVENANT AGREEMENT
## DATED AS OF MAY 1, 2014

**Calculations as of March 31, 2019**

---

A. Historical Debt Service Coverage Ratio of the Credit Group (Section 6.20(a))

| | | |
|---|---|---|
| 1 | Income Available for Debt Service | $ 693,734 |
| 2 | Debt Service Requirements on Funded Indebtedness | $ 108,037 |
| 3 | Ratio of Line A1 to Line A2 | 6.42:1.0 |
| 4 | Line A3 must be greater than or equal to | 1.10:1.0 |
| 5 | The Credit Group is in compliance (circle yes or no) | yes / no |

B. Days Cash on Hand Ratio of the Credit Group (Section 6.20(b))

| | | |
|---|---|---|
| 1 | Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of | $ 2,916,934 |

| | | |
|---|---|---|
| | the Credit Group which has been posted as collateral under any Swap Contract) | |
| 2 | 366 | 365 |
| 3 | Product of Line B1 and Line B2 | 1,064,680,910 |
| 4 | Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation | $ 6,153,672 |
| 5 | Ratio of Line B3 to Line B4 | 173 days |
| 6 | Line B5 must be greater than or equal to | 75 days |
| 7 | The Credit Group is in compliance (circle yes or no) | yes / no |

# EXHIBIT E

## COMPLIANCE CERTIFICATE

To: U.S. Bank National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Revolving Credit Agreement dated as of April 22, 2016 (as amended, modified, renewed or extended from time to time, the "Agreement") by and among SSM Health Care Corporation, a Missouri nonprofit corporation (the "Corporation") as Obligated Group Agent on behalf of itself and each Member of the Obligated Group, the several financial institutions from time to time party to this Agreement, and U.S. Bank National Association, as Administrative Agent. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.

2. This Compliance Certificate is provided with respect to the fiscal quarter ending on March 31, 2019 (the "Relevant Period").

3. Under my supervision, the Corporation has made a review of the activities during the preceding fiscal year for the purpose of determining whether or not each Member of the Obligated Group and each Credit Group Member has complied with all of the terms, provisions, covenants and conditions of this Agreement and the Loan Documents to which it is a party, and to the best of my knowledge each Member of the Obligated Group and each Credit Group Member has kept, observed, performed and fulfilled each and every, provision, covenant and condition of the Agreement and the other Loan Documents to which such member is a party.] [The unaudited financial statements referred to in Section 6.1(i)(1) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Administrative Agent and the quarterly financial statements previously furnished to the Administrative Agent pursuant to Section 6.1(i)(1) of the Agreement; and (except as set forth in paragraph 4 below), no Event of Default or Default has occurred.

4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

_NONE_______________________________________________________________

______________________________________________________________

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 17th day of May, 2019.

SSM HEALTH CARE CORPORATION

DocuSigned by:

By Kris A. Zimmer

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Name Kris A. Zimmer

Title Treasurer

# ANNEX I
## TO COMPLIANCE CERTIFICATE

**SSM HEALTH CORPORATION**

**COMPLIANCE CALCULATIONS**
**FOR REVOLVING CREDIT AGREEMENT**
**DATED FEBRUARY 28, 2014**

**Calculations as of March 31, 2019**

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A. Historical Debt Service Coverage Ratio of the Credit Group (Section 6.19(a))

| | | |
|---|---|---|
| 1 | Income Available for Debt Service | $ 693,734 |
| 2 | Debt Service Requirements on Funded Indebtedness | $ 108,037 |
| 3 | Ratio of Line A1 to Line A2 | 6.42:1.0 |
| 4 | Line A3 must be greater than or equal to | 1.10:1.0 |
| 5 | The Credit Group is in compliance (circle yes or no) | yes / no |

B. Days Cash on Hand Ratio of the Credit Group (Section 6.19(b))

| | | |
|---|---|---|
| 1 | Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of | $ 2,916,934 |

| | | |
|---|---|---|
| | the Credit Group which has been posted as collateral under any Swap Contract) | |
| 2 | 366 | 365 |
| 3 | Product of Line B1 and Line B2 | 1,064,680,910 |
| 4 | Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation | $ 6,153,672 |
| 5 | Ratio of Line B3 to Line B4 | 173 days |
| 6 | Line B5 must be greater than or equal to | 75 days |
| 7 | The Credit Group is in compliance (circle yes or no) | yes / no |

# FORM OF COMPLIANCE CERTIFICATE

To: Union Bank, N.A. (the *"Agent"*)

This Compliance Certificate is furnished pursuant to that certain Libor Rate Loan Agreement dated as of May 1, 2014, (as amended, modified, renewed or extended from time to time, the *"Agreement"*) among the Health and Educational Facilities Authority of the State of Missouri, a body politic and corporate and public instrumentality organized and existing under the laws of the State of Missouri (the *"Authority"*), SSM Health Care Corporation, a Missouri nonprofit corporation (the *"Borrower"*) for itself as Borrower and as Obligated Group Agent on behalf of the Obligated Group, The Bank of New York Mellon Trust Company, N.A., as bond trustee (the *"Trustee"*) and Union Bank, N.A., as Agent for the Lenders (the *"Agent"*), and for itself as Initial Lenders, and the other Lenders from time to time a party thereto. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the Treasurer of the Corporation.

2. This Compliance Certificate is provided with respect to the fiscal quarter ending on March 31, 2019 (the *"Relevant Period"*).

3. The unaudited financial statements referred to in Section 5.01(a)(i) of the Agreement for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser pursuant to Section 5.01(a)(i) of the Agreement; and except as set forth in paragraph 4 below, no Event of Default or Default has occurred.

4. I have no knowledge of the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the Relevant Period or as of the date of this Compliance Certificate, except as set forth below:

The following Events of Default or Defaults exist, and with respect to each such Event of Default or Default I have described in detail the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and the remedial steps which the Corporation has taken, is taking, or proposes to take to correct or remedy such Default:

NONE____________________________________________

________________________________________________

________________________________________________

The foregoing certifications, together with any financial data and computations provided herewith, are made and delivered this 17th day of May, 2019.

SSM HEALTH CARE CORPORATION

DocuSigned by:

By ______________________________________

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Name __Kris A. Zimmer___

Title ___Treasurer_____________

# ANNEX I
## TO COMPLIANCE CERTIFICATE

## SSM HEALTH CORPORATION

## COMPLIANCE CALCULATIONS
## FOR CONTINUING COVENANT AGREEMENT
## DATED AS OF MAY 1, 2014

**Calculations as of March 31, 2019**

---

A. Historical Debt Service Coverage Ratio of the Credit Group (Section 6.20(a))

| | | |
|---|---|---|
| 1 | Income Available for Debt Service | $ 693,734 |
| 2 | Debt Service Requirements on Funded Indebtedness | $ 108,037 |
| 3 | Ratio of Line A1 to Line A2 | 6.42:1.0 |
| 4 | Line A3 must be greater than or equal to | 1.10:1.0 |
| 5 | The Credit Group is in compliance (circle yes or no) | yes / no |

B. Days Cash on Hand Ratio of the Credit Group (Section 6.20(b))

| | | |
|---|---|---|
| 1 | Total cash, cash equivalents and marketable securities of the Credit Group (not restricted as to use and not subject to any Lien other than a Lien of the Master Indenture). The Corporation (A) may include cash, cash equivalents and marketable securities constituting Board-designated funds of the Credit Group which are not restricted by the donor, by contract, by court order or by governmental restrictions as to use, and (B) may not include (i) any portion of cash, cash equivalents or marketable securities which have been derived from the proceeds of any loan, line of credit, or other similar loan facilities that have been drawn by the Credit Group, in the reasonable opinion of the Banks, for the sole or primary purpose of meeting the covenant set forth in Section 6.20(b) of the Agreement and (ii) cash of | $ 2,916,934 |

| | | |
|---|---|---|
| | the Credit Group which has been posted as collateral under any Swap Contract) | |
| 2 | 366 | 365 |
| 3 | Product of Line B1 and Line B2 | 1,064,680,910 |
| 4 | Total operating expense of the Credit Group (excluding depreciation, amortization, non cash expenses relating to uncollectible accounts and expenses paid or payable from restricted funds) incurred during the 12-month period ending on such date of calculation | $ 6,153,672 |
| 5 | Ratio of Line B3 to Line B4 | 173 days |
| 6 | Line B5 must be greater than or equal to | 75 days |
| 7 | The Credit Group is in compliance (circle yes or no) | yes / no |

# EXHIBIT A

## QUARTERLY REPORT CERTIFICATE

The undersigned duly appointed and acting Treasurer of SSM Health Care Corporation which is the Obligated Group Agent under (and as defined in) the Master Trust Indenture (Amended and Restated) dated as of May 15, 1998 as supplemented and amended (the "Master Indenture") by and among the Members of the Obligated Group (as defined in the Master Indenture) and State Street Bank and Trust Company of Missouri, NA, as Master Trustee (the "Master Trustee"), hereby certifies on behalf of the Obligated Group Agent pursuant to the. Master Continuing Disclosure Agreement dated as of May 20, 1998 (the "Master Continuing Disclosure Agreement") between the Obligated Group Agent and Digital Assurance Certification, LLC, as Dissemination Agent (the "Dissemination Agent"), as follows:

1. **Definitions.** Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Master Continuing Disclosure Agreement.

2. **<u>Quarterly Report</u>.** Accompanying this Quarterly Report Certificate is the Quarterly Report for the Quarter ended March 31, 2019.

3. **Compliance with Master Continuing Disclosure Agreement.** The Quarterly Report is being delivered to the Dissemination Agent herewith not later than ninety after the last day of the Fiscal Quarter which is the applicable Quarterly Report Date for purposes of such Quarterly Report. The Quarterly Report contains, or includes by reference, Financial Information and Operating Data of the types identified in the Continuing Disclosure Certificate most recently delivered to the Dissemination Agent pursuant to Section 5 of the Master Continuing Disclosure Agreement. The Quarterly Financial Information relates to the Members of the Credit Group identified in Schedule 1 hereto to the extent such Quarterly Financial Information is relevant to such Persons' operations and such Persons constitute all of the Members of the Credit Group with respect to the Related Bonds as of the last day of the Fiscal Quarter covered by the Quarterly Report. To the extent any such Quarterly Financial information is included in the Quarterly Report by reference, any document so referred to has been previously provided to the Repositories or filed with the SEC or, in the case of a reference to a Final Official Statement, has been filed with the MSRB.

The unaudited financial statements for the most recent fiscal quarter have been prepared on substantially the same basis as the most recent annual financial statements delivered to the Purchaser and the quarterly financial statements previously furnished to the Purchaser

4. Attached hereto is a listing of the Related Bond Trustees, the Related Issuers and the providers of any credit enhancement and the issuers of any liquidity facilities respecting any Related Bonds.

**IN WITNESS WHEREOF,** the undersigned has executed and delivered this Quarterly Report Certificate to the Dissemination Agent, which has received such certificate and the Quarterly Report, all as of the 17th day of May 2019.

SSM HEALTH CARE CORPORATION

DocuSigned by:

By Kris A. Zimmer

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Name: Kris A. Zimmer

Title: Treasurer

# EXHIBIT A

## NAME AND CUSIP NUMBERS OF BONDS

| | |
|---|---|
| Name of Issuer | Health and Educational Facilities Authority of the State of Missouri |
| Obligated Person(s) | SSM Health Care Corporation, as Obligated Group Agent |
| Kame of Bond Issue: | Health Facilities Revenue Bonds (SSM Health Care), Series 2014B Variable Rate Bonds, Series 2014C Variable Rate Bonds, Series 2014D Variable Rate Bonds, Series 2014E Variable Rate Bonds, Series 2014F Variable Rate Bonds, and Series 2014G Variable Rate Bonds |
| Date of Issuance: | May 14, 2014 |
| Date of Official Statement: | May 5, 2014 |

CUSIP Number: 60637AFHO
CUSIP Number: 60637AFJ6
CUSIP Number: 60637AFK3
CUSIP Number: 60637AFL1
CUSIP Number: 60637AFM9
CUSIP Number: 60637AFN7



DOCS-111476191-vJD-Vanablc_Ratc_Dlsclosurc_Agmt

# EXHIBIT A

## CERTIFICATE OF COMPLIANCE

The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee")
St Louis, Missouri

Re: Certificate of Compliance for Fiscal Quarter Ending March 31, 2019

Ladies and Gentlemen:

The undersigned is the Parent Representative as such term defined in the Bond Trust Indenture dated as of July 1, 2012 between the Authority and the Bond Trustee. This certificate is delivered pursuant to the requirements of **Section 9.2** of the Loan Agreement dated as of July 1, 2012 between the Authority and SSM Health Care Corporation ("the Parent"). Certain terms used herein have the meanings assigned in the Bond Trust Indenture. The undersigned hereby certifies as follows on behalf of the Parent:

(a) He has made or caused to be made a review of the activities of the Parent for the fiscal quarter ended March 31, 2019 and of the performance of the Parent of its obligations under the Loan Agreement;

(b) He is familiar with the provisions of the Loan Agreement, the Master Indenture, the Tax Agreement and the Tax Use agreement (collectively, the "Borrowers documents") and, to the best of his knowledge, based on such review:

(i) the Parent has fulfilled all of its obligations under the Borrower Documents, and

(ii) there is no event of default, or any event which, with the passage of time or the giving of notice, would become an event of default under any Borrower Document.

Dated as of May 17, 2019.

**SSM Health Care Corporation**

DocuSigned by:

By: Kris A. Zimmer
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Kris A. Zimmer
Its: Treasurer

**Pursuant to Section 404 of the**
**Master Trust Indenture (Amended and Restated)**
**between**
**SSM Health Corporation**
**and**
**BNY Trust Company of Missouri**
**(as successor to State Street Bank and Trust Company, N.A.)**
**as Master Trustee**
**Dated May 15, 1998**

**For the Fiscal Year Ended March 31, 2019**
**(Dollars in Thousands)**

**Historical Debt Service Coverage Ratio of the Credit Group:**

$$\frac{\text{Income Available for Debt Service}}{\text{Debt Service Requirements on Funded Indebtedness}}$$

$$\frac{\$761{,}528}{\$108{,}037} = 7.05$$

**Conclusion:**
The ratio exceeds the 1.10 minimum required by the Master Trust Indenture.

**Utilization Statistics for the most recent fiscal year:**

| | |
|---|---|
| Licensed Beds | 5,309 |
| Staffed Beds | 4,614 |
| Admissions* | 44,304 |
| Patient Days* | 283,522 |
| Average Length of Stay (Days) | 6.4 |
| Percentage occupancy** | 68.3% |
| Emergency Room visits, net | 194,539 |
| Outpatient Clinic Visits | 511,063 |

* Excludes newborns, includes skilled nursing
** Of beds in service

**Percentage of Net Revenues by payor class (before impact of implicit price concessions) for most recent fiscal year:**

| | |
|---|---|
| Medicare | 27% |
| Medicare Managed Care | 10% |
| Medicaid | 11% |
| Medicaid Managed Care | 8% |
| Managed Care | 32% |
| Other | 12% |

**Medicare Case Mix Index for the most recent fiscal year:** 1.84